

New For 2021

Stimulus - We need your Economic Impact Payment (Stimulus) Letter for the third stimulus payment which was paid during the Spring and early Summer of 2021. The amount must be entered into the return so that your return can be e-filed. If you received the correct amount or a larger amount than you were entitled to, this will have no impact on your 2021 return,

Child Tax Credit (CTC) - Increased from \$2,000 per child under age 17 to \$3,000 per child under age 18 and \$3,600 per child under age 6 for **2021 only**. Advance monthly payments of up to half of the total CTC began in July 2021. In January 2022, recipients of the advance payments will receive **Letter 6419** which will report the total amount of advance CTC payments paid in 2021. **Keep the letter with your tax documents as it is needed to prepare your tax return.**

Child and Dependent Care Credit (CDCC) - For **2021 only**, the maximum amount of qualifying dependent care expenses is increased from \$3,000 for one dependent and \$6,000 for two or more qualifying individuals, to \$8,000 and \$16,000 respectively. The maximum credit rate is increased from 35% to 50% and the phaseout begins at \$125,000 of AGI instead of \$15,000. Also, in 2021 it is fully refundable, as opposed to prior years when it could only be used to reduce your tax liability.

Charitable Deduction for individuals who don't itemize; cash donations up to \$600 qualify - These individuals, including married individuals filing separate returns, can claim a deduction of up to \$300 for **cash** contributions made to qualifying charities during 2021. The maximum deduction is increased to \$600 for married individuals filing joint returns.

2021 Standard Mileage Rates - For business driving is **56¢** per mile. For medical travel and military moves it is **16¢** per mile. For charitable driving the rate is **14¢** per mile as fixed by law.

HSA Contributions - The annual maximum deduction for HSA contributions went up 1.4% to \$3,600 for individual coverage and \$7,200 for family coverage. 2021 contributions must be made by 04/15/22.

Standard Deductions -The standard deduction amounts went up 1.2% for 2021. Single=\$12,550, Married Filing Joint=\$25,100 Head of Household=\$18,800.

RMDs - Required Minimum Distributions from retirement accounts which were suspended in 2020 are reinstated in 2021

Unemployment Benefits - All unemployment benefits are taxable in 2021. The exclusion for unemployment benefits only applied to 2020.